

**FINANCIAL STATEMENTS - REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**BARTLESVILLE SCHOOL DISTRICT NO. 1-30,
WASHINGTON COUNTY, OKLAHOMA**

JUNE 30, 2013

Audited by

**JACK H. JENKINS
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL CORPORATION
TULSA, OK**

**INDEPENDENT SCHOOL DISTRICT NO. I-30
WASHINGTON COUNTY, OKLAHOMA
JUNE 30, 2013**

TABLE OF CONTENTS

	<u>Page No.</u>
Table of Contents	1-2
School District Officials	3
Independent Auditor's Report	4-5
<u>COMBINED FINANCIAL STATEMENTS:</u>	
Combined Statement of Assets, Liabilities and Fund Equity - Regulatory Basis - All Fund Types and Account Groups	6
Combined Statement of Revenues, Expenditures, and Changes in Cash Fund Balances - Regulatory Basis - All Governmental Fund Types	7
Combined Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types	8-10
Notes to Combined Financial Statements	11-28
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
<u>COMBINING FINANCIAL STATEMENTS:</u>	
Combining Statement of Assets, Liabilities and Fund Equity - - Regulatory Basis - All Special Revenue Funds	29
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances - Regulatory Basis - All Special Revenue Funds	30
Combining Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual - Regulatory Basis - Budgeted Special Revenue Fund Types	31

**INDEPENDENT SCHOOL DISTRICT NO. I-30
WASHINGTON COUNTY, OKLAHOMA
JUNE 30, 2013**

TABLE OF CONTENTS

	<u>Page No.</u>
<u>OTHER SUPPLEMENTARY INFORMATION:</u> – contd.	
Combining Statement of Assets, Liabilities and Fund Equity – - Regulatory Basis - All Capital Projects Funds	32
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Capital Projects Funds	33
Combining Statement of Assets and Liabilities – Regulatory Basis - All Fiduciary Fund Types	34
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - All Agency Funds	35-36
Schedule of Expenditures of Federal Awards	37-39
Schedule of Surety Bonds	40
 Internal Control and Compliance Reports	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41-42
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	43-44
Schedule of Findings and Questioned Costs	45
Disposition of Prior Year's Schedule of Findings	46
Schedule of Accountant's Professional Liability Insurance Affidavit	47
Audit Acknowledgement	48

**INDEPENDENT SCHOOL DISTRICT NO. I-30
WASHINGTON COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013**

BOARD OF EDUCATION

President	Doug Divelbiss
Vice-President	Mike Orr
Clerk	Scott Bilger
Member	Nikki Benson
Member	Rick Boswell
Member	Randy Herren
Member	Vanessa Drummond

SUPERINTENDENT OF SCHOOLS

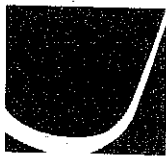
Dr. Gary Quinn

DIRECTOR OF FINANCIAL SERVICES

Tim Green

SCHOOL DISTRICT TREASURER

Sondra Henderson



Jack H. Jenkins, CPA *A Professional Corporation*

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Bartlesville School District No. I-030
Bartlesville, Oklahoma 74005

I have audited the accompanying regulatory basis financial statements of Bartlesville School District No. I-030, Bartlesville, Oklahoma, as listed in the table of contents as of and for the year ended June 30, 2013. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed by the Oklahoma State Department of Education that demonstrates compliance with the cash basis and budget laws of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

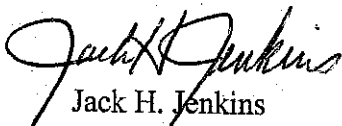
Also, as discussed in Note 1, the regulatory basis financial statements referred to above do not include the general fixed asset account group. The amount that should be recorded in the general fixed assets group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the regulatory basis financial statements is not known.

In my opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the financial position of Bartlesville School District No. I-030, Bartlesville, Oklahoma as of June 30, 2013, and the results of its operations for the year then ended.

However, in my opinion, except for the omission of the general fixed assets account group, which results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group, where applicable, of Bartlesville School District No. I-030, Bartlesville, Oklahoma, as of June 30, 2013, and the revenues collected and expenditures paid for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 10, 2013, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements that collectively comprise Bartlesville School District No. I-030's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the combined financial statements. The combining fund statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis. This other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Jack H. Jenkins
Certified Public Accountant, P.C.

December 10, 2013

COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

**INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2013**

ASSETS	GENERAL	GOVERNMENTAL FUND TYPES		CAPITAL PROJECTS	FIDUCIARY FUND TYPES EXPENDABLE TRUST AND AGENCY FUND	ACCOUNT GROUP GENERAL LONG-TERM DEBT	TOTALS (Memorandum Only)	
		SPECIAL REVENUE	DEBT SERVICE				2013	2012
Cash	\$ 6,380,559	2,175,801	496,949	1,261,386	504,891		10,819,586	9,203,491
Investments	1,350,000	305,000	5,350,000	1,765,000	235,000		9,005,000	9,905,000
Amounts available in debt service						284,445	284,445	321,920
Amounts to be provided for retirement of general long-term debt								
Total Assets	<u>7,730,559</u>	<u>2,480,801</u>	<u>5,846,949</u>	<u>3,026,386</u>	<u>739,891</u>	<u>28,183,211</u>	<u>48,292,242</u>	<u>29,830,736</u>
						<u>28,467,656</u>		<u>49,261,147</u>
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities								
Warrants payable	1,607,318	73,687		2,607	2,525		1,686,137	1,745,388
Encumbrances	513,283	285,247		2,128,422			2,926,952	1,438,410
Funds held for school organizations					486,953		486,953	500,266
Unmatured obligations			5,562,504				5,562,504	5,526,529
Long-term debt:								
Bonds payable						24,485,000	24,485,000	26,170,000
Capital leases						3,982,656	3,982,656	3,982,656
Total liabilities	<u>2,120,601</u>	<u>358,934</u>	<u>5,562,504</u>	<u>2,131,029</u>	<u>489,478</u>	<u>28,467,656</u>	<u>39,130,202</u>	<u>39,363,249</u>
Fund Equity								
Cash fund balances	5,609,958	2,121,867	284,445	895,357	250,413		9,162,040	9,897,898
Total Liabilities and Fund Equity	<u>\$ 7,730,559</u>	<u>2,480,801</u>	<u>5,846,949</u>	<u>3,026,386</u>	<u>739,891</u>	<u>28,467,656</u>	<u>48,292,242</u>	<u>49,261,147</u>

The notes to the combined financial statements are an integral part of this statement

INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2013

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE		(Memorandum Only) 2013	2012
Revenues						
Local sources	\$ 9,884,390	2,015,874	6,238,117	15,685	18,162,096	17,742,772
Intermediate sources	1,093,351				1,093,351	1,031,367
State sources	23,143,979	230,175	2,021		23,376,175	24,206,393
Federal sources	3,013,723	1,576,160			4,589,883	4,753,138
Non-revenue receipts	230,375	19,243	39,550		289,168	192,584
Total revenues	37,365,818	3,841,452	6,279,688	15,685	47,510,673	47,926,254
Expenditures						
Instruction	22,869,575				23,619,704	23,868,344
Support services	14,501,747	1,158,032		91	16,634,942	18,135,581
Operation of non-instructional services	483,326	2,459,691			2,943,017	2,836,309
Facilities, acquisition and const. services		36,307			3,173,409	1,668,030
Other outlays	79,093	140,310			219,403	174,529
Other uses				16,350	16,350	16,325
Repayments	230	945			1,175	1,589
Debt service			6,317,163		6,317,163	6,027,082
Total expenditures	37,933,971	3,795,285	6,317,163	16,441	52,925,163	52,727,789
Revenues over (under) expenditures	(568,153)	46,167	(37,475)	(756)	(5,414,490)	(4,801,535)
Other financing sources (uses)						
Lapsed appropriations	473,303	123,234			81,706	255,367
Estopped warrants	389					140
Bond proceeds					4,000,000	2,470,000
Total other financing sources (uses)	473,692	123,234			4,081,706	2,725,507
Revenue and other sources over (under) expenditures and other uses	(94,461)	169,401	(37,475)	(756)	(735,858)	(2,076,028)
Cash fund balance, beginning of year	5,704,419	1,952,466	321,920	251,169	9,897,898	11,973,926
Cash fund balance, end of year	\$ 5,609,958	2,121,867	284,445	250,413	9,162,040	9,897,898

The notes to the combined financial statements are an integral part of this statement

INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - BUDGETED GENERAL FUND
JUNE 30, 2013

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 9,144,889	9,144,889	9,884,390
Intermediate sources	928,231	928,231	1,093,351
State sources	22,899,342	22,899,342	23,143,979
Federal sources	2,965,748	2,965,748	3,013,723
Non-revenue receipts	-	-	230,375
Total revenues	35,938,210	35,938,210	37,365,818
Expenditures			
Instruction	25,195,937	25,195,937	22,869,575
Support services	15,318,635	15,318,635	14,501,747
Operation of non-instructional services	565,474	565,474	483,326
Other outlays	561,208	561,208	79,093
Repayments	1,375	1,375	230
Total expenditures	41,642,629	41,642,629	37,933,971
Revenues over (under) expenditures	(5,704,419)	(5,704,419)	(568,153)
Other financing sources (uses)			
Operating transfers in (out)			
Lapsed appropriations			473,303
Estopped warrants			389
Total other financing sources (uses)			473,692
Revenue and other sources over (under) expenditures and other uses	(5,704,419)	(5,704,419)	(94,461)
Cash fund balance, beginning of year	5,704,419	5,704,419	5,704,419
Cash fund balance, end of year	\$ -	-	5,609,958

The notes to the combined financial statements are an integral part of this statement

INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2013

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 1,973,899	1,973,899	2,015,874
State sources	226,256	226,256	230,175
Federal sources	1,482,494	1,482,494	1,576,160
Non-revenue receipts			19,243
Total revenues	<u>3,682,649</u>	<u>3,682,649</u>	<u>3,841,452</u>
Expenditures			
Support services	2,382,030	2,382,030	1,158,032
Operation of non-instructional services	3,047,508	3,047,508	2,459,691
Facilities acquisitions and construction	51,500	51,500	36,307
Other outlays	153,117	153,117	140,310
Repayments	960	960	945
Total expenditures	<u>5,635,115</u>	<u>5,635,115</u>	<u>3,795,285</u>
Revenues over (under) expenditures	(1,952,466)	(1,952,466)	46,167
Other financing sources (uses)			
Lapsed appropriations			123,234
Total other financing sources (uses)			<u>123,234</u>
Revenue and other sources over (under) expenditures and other uses	(1,952,466)	(1,952,466)	169,401
Cash fund balance, beginning of year	<u>1,952,466</u>	<u>1,952,466</u>	<u>1,952,466</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>2,121,867</u>

The notes to the combined financial statements are an integral part of this statement

INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - DEBT SERVICE FUNDS
JUNE 30, 2013

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 5,995,243	5,995,243	6,238,117
State sources			2,021
Non-revenue receipts			39,550
Total revenues	<u>5,995,243</u>	<u>5,995,243</u>	<u>6,279,688</u>
Expenditures			
Other outlays			
Debt service	<u>6,317,163</u>	<u>6,317,163</u>	<u>6,317,163</u>
Revenues over (under) expenditures	(321,920)	(321,920)	(37,475)
Cash fund balance, beginning of year	<u>321,920</u>	<u>321,920</u>	<u>321,920</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>284,445</u>

The notes to the combined financial statements are an integral part of this statement

**NOTES TO COMBINED FINANCIAL STATEMENTS -
REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies

The basic financial statements of the Bartlesville Public Schools Independent District No. I-30 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on state of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The Parent Teacher Association (PTA) is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the PTA.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies- contd.**

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Fund - The special revenue funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for the school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

**INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies- contd.

B. Fund Accounting - contd.

Co-op Fund - The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs. The District did not maintain this fund during the 2012-13 fiscal year.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

Debt Service Fund - The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Funds - The capital projects fund is the District's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District has no proprietary fund types.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies- contd.

B. Fund Accounting - contd.

funds are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Expendable Trust Funds - Expendable trust funds include the gifts fund, medical insurance fund, workers compensation fund and the insurance recovery fund.

Gifts Fund - The gifts fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Medical Insurance Fund - The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund - The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund - The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

Agency Fund - The agency fund is the school activities fund which is used to account for monies collected principally through fundraising efforts of the student and District-sponsored groups. The administration is responsible, under the authority of the Board, in collecting, disbursing and accounting for these activity funds.

Account Group

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases), which are to be paid from funds provided in future years.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies- contd.

B. Fund Accounting - contd.

General Fixed Assets Account Group - This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

Memorandum Only - Total Column

The total column on the combined financial statements - regulatory basis is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies- contd.**

C. Basis of Accounting and Presentation -- contd.

recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

E. Assets, Liabilities and Fund Equity

Cash - Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2013 is not material to the combined financial statements-regulatory basis.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies- contd.

E. Assets, Liabilities and Fund Equity – contd.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented.

Warrants Payable - Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances - Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

Unmatured Obligations - The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other co-curricular and extracurricular activities conducted in the district, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Cash Fund Balance - Cash fund balance represents the funds not encumbered by purchase order, legal contracts, outstanding warrants and unmatured obligations.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies- contd.

F. Revenue and Expenditures

Local Revenues - Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other local sources of revenues include interest earnings, tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the district and the state, and distributed to districts in amounts that differ in proportion to those which were collected within such systems.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies- contd.**

F. Revenue and Expenditures- contd.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires categorical educational program revenues be accounted for in the general fund.

The aforementioned state revenues are apportioned to the District's general fund.

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Revenue Receipts - Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence.

Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies- contd.**

F. Revenue and Expenditures - contd.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures - Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures - Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays/Uses Expenditures - A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures - Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditure/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. There were no operating transfers between funds during the 2012-13 fiscal year.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

2. Deposits and Investments

Custodial Credit Risk

At June 30, 2013, the District held deposits of approximately \$19,824,586 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposits or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

2. Deposits and Investments – cont'd

The investments held at June 30, 2013 are as follows:

Type	Weighted Average Maturity (Months)	Market Value	Cost
Investments			
Money Market		\$ 0	\$ 0
Municipal tax-supported money judgments		0	0
Certificate of Deposit		<u>9,005,000</u>	<u>9,005,000</u>
Total investments		<u>\$ 9,005,000</u>	<u>\$9,005,000</u>

Concentration of Investment Credit Risk

The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 0% in Money Market funds, 0% in Municipal tax-supported money judgments and 100% in CDs (\$9,005,000).

3. General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues can be approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue.

General long-term debt of the District consists of bonds payable and one capital lease. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

3. General Long-term Debt – contd.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2013:

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2012	\$ 26,170,000	3,982,656	30,152,656
Additions	4,000,000		4,000,000
Retirements	5,685,000		5,685,000
Balance, June 30, 2013	<u>\$ 24,485,000</u>	<u>3,982,656</u>	<u>28,467,656</u>

A brief description of the outstanding long-term debt at June 30, 2013 is set forth below:

	<u>Amount outstanding</u>
<u>General Obligation Bonds</u>	
Building Bonds, Series 2003, original issue \$1,800,000 average interest rate of 2.79%, due in annual installments of \$200,000 beginning 10-1-05, final payment due 10-1-13;	\$ 200,000
Building Bonds, Series 2004, original issue \$6,000,000, average interest rate of 3.03%, due in an initial installment of \$600,000 on 10-1-06, annual installments thereafter of \$675,000, final payment due 10-1-14;	1,350,000
Building Bonds, Series 2005, original issue \$1,850,000, average interest rate of 3.59%, due in annual installments of \$205,000 beginning 11-1-07, final payment of \$210,000 due 11-1-15;	620,000
Building Bonds, Series 2007, original issue \$3,275,000, average interest rate of 3.85%, due in annual installments of \$360,000 beginning 3-1-09, final payment of \$395,000 due on 3-1-17;	\$ 1,475,000

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

3. General Long-term Debt – contd.

	<u>Amount outstanding</u>
Equipment Bonds, Series 2008, original issue \$1,250,000, average interest rate of 3.15%, due in annual installments of \$310,000 beginning 10-1-10, final payment of \$320,000 due on 10-1-13;	\$ 320,000
Building Bonds, Series 2008, original issue \$4,000,000, average interest rate of 3.76%, due in annual installments of \$440,000 beginning 10-1-10, final payment of \$480,000 due 10-1-18;	2,680,000
Equipment Bonds, Series 2009, original issue \$750,000, average interest rate of 1.80%, due in annual installments of \$185,000 beginning 10-1-11, final payment of \$195,000 due 10-1-14;	380,000
Building Bonds, Series 2009, original issue \$4,000,000, average interest rate of 2.25%, due in annual installments of \$440,000 beginning 10-1-11, final payment of \$480,000 due 10-1-19;	3,120,000
Building Bonds, Series 2010, original issue \$3,700,000, average interest rate of 2.65%, due in annual installments of \$410,000 beginning 5-1-12, final payment of \$420,000 due 5-1-20;	2,880,000
Building Bonds, Series 2011, original issue \$6,650,000, average interest rate of 1.56%, due in annual installments of \$1,660,000 beginning 4-1-13, final payment of \$1,670,000 due 4-1-16;	\$ 4,990,000

**INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

3. General Long-term Debt – contd.

	<u>Amount outstanding</u>
Building Bonds, Series 2012, original issue \$2,470,000, interest rate of 0.80%, due in one installment of \$2,470,000 on 6-1-14;	\$ 2,470,000
Building Bonds, Series 2013, original issue \$4,000,000, interest rate of 0.75-1.00%, due in annual installments of \$1,000,000 beginning 11-1-14, final payment due 11-1-17	4,000,000
<u>Capital Leases</u>	
Lease agreement for capital equipment/improvements, totaling \$6,400,000, dated 4-28-11, interest rate of 3.65%, semi-annual interest-only payments of \$72,683 beginning 1-1-12, with a final principal payment of \$3,982,656 due 7-1-16;	<u>3,982,656</u>
Totals	<u>\$ 28,467,656</u>

The annual debt service requirements for the retirement of bond principal, and payment of interest are as follows:

Year ending June 30	Principal	Interest	Total
2014	\$ 7,365,000	515,067	7,880,067
2015	5,385,000	366,443	5,751,443
2016	4,530,000	259,362	4,789,362
2017	2,685,000	164,163	2,849,163
2018	2,290,000	101,460	2,391,460
Thereafter	2,230,000	85,330	2,315,330
Total	<u>\$ 24,485,000</u>	<u>1,491,825</u>	<u>25,976,825</u>

There was \$596,189 interest paid on long-term debt incurred during the current year.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

3. General Long-term Debt – contd.

The annual debt service requirements for capital lease principal, and interest are as follows:

Year ending June 30	Principal	Interest	Total
2014		145,367	145,367
2015		145,367	145,367
2016		145,367	145,367
2017	3,982,656	72,684	4,055,340
Total	<u>\$ 3,982,656</u>	<u>508,785</u>	<u>4,491,441</u>

4. Employee Retirement System

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the board of trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

4. Employee Retirement System – contd.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Beginning, July 1, 2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's portion of the total contributions for 2013, 2012 and 2011 were \$2,193,148, \$2,138,851, and \$1,901,932 respectively.

5. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

7. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**OTHER SUPPLEMENTARY INFORMATION – REGULATORY
BASIS - COMBINING FINANCIAL STATEMENTS**

INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND EQUITY - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2013

<u>ASSETS</u>	BUILDING FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only) 2013	2012
Cash	\$ 1,302,166	873,635	2,175,801	1,226,126
Investments	305,000		305,000	1,005,000
Total assets	<u>1,607,166</u>	<u>873,635</u>	<u>2,480,801</u>	<u>2,231,126</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Warrants payable	21,569	52,118	73,687	35,708
Encumbrances	161,382	123,865	285,247	242,952
Total liabilities	<u>182,951</u>	<u>175,983</u>	<u>358,934</u>	<u>278,660</u>
Fund Equity				
Cash fund balances	<u>1,424,215</u>	<u>697,652</u>	<u>2,121,867</u>	<u>1,952,466</u>
Total Liabilities and Fund Equity	<u>\$ 1,607,166</u>	<u>873,635</u>	<u>2,480,801</u>	<u>2,231,126</u>

INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2013

	BUILDING FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
			2013	2012
Revenues				
Local sources	\$ 1,269,038	746,836	2,015,874	2,063,240
State sources	518	229,657	230,175	228,878
Federal sources		1,576,160	1,576,160	1,560,520
Non-revenue receipts	14,558	4,685	19,243	19,882
Total revenues	<u>1,284,114</u>	<u>2,557,338</u>	<u>3,841,452</u>	<u>3,872,520</u>
Expenditures				
Support services	1,158,032		1,158,032	1,170,264
Operation of non-instructional services		2,459,691	2,459,691	2,411,124
Facilities, acquisition and const. services	36,307		36,307	2,525
Other outlays	7,591	132,719	140,310	136,136
Repayments		945	945	899
Total expenditures	<u>1,201,930</u>	<u>2,593,355</u>	<u>3,795,285</u>	<u>3,720,948</u>
Revenues over (under) expenditures	82,184	(36,017)	46,167	151,572
Other financing sources (uses)				
Lapsed appropriations	119,861	3,373	123,234	45,311
Total other financing sources (uses)	<u>119,861</u>	<u>3,373</u>	<u>123,234</u>	<u>45,311</u>
Revenue and other sources over (under) expenditures and other uses	202,045	(32,644)	169,401	196,883
Cash fund balance, beginning of year	<u>1,222,170</u>	<u>730,296</u>	<u>1,952,466</u>	<u>1,755,583</u>
Cash fund balance, end of year	<u>\$ 1,424,215</u>	<u>697,652</u>	<u>2,121,867</u>	<u>1,952,466</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
- REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2013

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources	\$ 1,212,628	1,212,628	1,269,038	761,271	761,271	746,836
State sources			518	226,256	226,256	229,657
Federal sources				1,482,494	1,482,494	1,576,160
Non-revenue receipts			14,558			4,685
Total revenues	<u>1,212,628</u>	<u>1,212,628</u>	<u>1,284,114</u>	<u>2,470,021</u>	<u>2,470,021</u>	<u>2,557,338</u>
Expenditures						
Support services	2,382,030	2,382,030	1,158,032			
Operation of non-instructional services				3,047,508	3,047,508	2,459,691
Facilities acquisitions and construction	51,500	51,500	36,307			
Other outlays	1,268	1,268	7,591	151,849	151,849	132,719
Repayments				960	960	945
Total expenditures	<u>2,434,798</u>	<u>2,434,798</u>	<u>1,201,930</u>	<u>3,200,317</u>	<u>3,200,317</u>	<u>2,593,355</u>
Revenues over (under) expenditures	(1,222,170)	(1,222,170)	82,184	(730,296)	(730,296)	(36,017)
Other financing sources (uses)						
Lapsed appropriations			119,861			3,373
Total other financing sources (uses)			<u>119,861</u>			<u>3,373</u>
Revenue and other sources over (under) expenditures and other uses	(1,222,170)	(1,222,170)	202,045	(730,296)	(730,296)	(32,644)
Cash fund balance, beginning of year	<u>1,222,170</u>	<u>1,222,170</u>	<u>1,222,170</u>	<u>730,296</u>	<u>730,296</u>	<u>730,296</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>1,424,215</u>	<u>-</u>	<u>-</u>	<u>697,652</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2013

	34 BUILDING BOND FUND	35 BUILDING BOND FUND	36 BUILDING BOND FUND	39 TRANS BOND FUND	TOTALS (Memorandum Only) 2013	2012
<u>ASSETS</u>						
Cash	713,935	8,090	452,124	87,237	1,261,386	987,625
Investment			1,765,000		1,765,000	1,500,000
Total assets	<u>713,935</u>	<u>8,090</u>	<u>2,217,124</u>	<u>87,237</u>	<u>3,026,386</u>	<u>2,487,625</u>

LIABILITIES AND FUND EQUITY

Liabilities						
Warrants payable	2,607				2,607	334,683
Encumbrances	462,738		1,665,684		2,128,422	485,018
Total liabilities	<u>465,345</u>	<u>-</u>	<u>1,665,684</u>	<u>-</u>	<u>2,131,029</u>	<u>819,701</u>
Fund equity						
Cash fund balances	248,590	8,090	551,440	87,237	895,357	1,667,924
Total Liabilities and Fund Equity	<u>713,935</u>	<u>8,090</u>	<u>2,217,124</u>	<u>87,237</u>	<u>3,026,386</u>	<u>2,487,625</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2013

	32	33	34	35	36	39	TOTALS
	BUILDING	BUILDING	BUILDING	BUILDING	BUILDING	BUILDING	(Memorandum Only)
	BOND FUND	BOND FUND	BOND FUND	BOND FUND	BOND FUND	BOND FUND	2012
							2013
Revenues							
Local sources						8,030	8,030
Expenditures							
Instruction	\$ 4,370		633,369		112,390	750,129	210,143
Support Services	9,774		426,908		538,390	975,072	2,997,332
Facilities, acquisition & const. services		1,000	338,322		2,797,780	3,137,102	1,665,505
Total expenditures	14,144	1,000	1,398,599	-	3,448,560	4,862,303	4,872,980
Revenues over (under) expenditures	(14,144)	(1,000)	(1,398,599)	-	(3,448,560)	(4,854,273)	(4,857,074)
Other financing sources (uses)							
Lapsed appropriations	10,144	1,000	70,562		4,000,000	81,706	89,757
Bond sales proceeds						4,000,000	2,470,000
Total other financing sources (uses)	10,144	1,000	70,562	-	4,000,000	4,081,706	2,559,757
Revenue and other sources over (under) expenditures and other uses	(4,000)	-	(1,328,037)	-	551,440	(772,567)	(2,297,317)
Cash fund balance, beginning of year	4,000	-	1,576,627	8,090	-	79,207	3,965,241
Cash fund balance, end of year	\$ -	-	248,590	8,090	551,440	87,237	1,667,924

INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND EQUITY - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES
JUNE 30, 2013

	EXPENDABLE TRUST FUND	AGENCY FUNDS	TOTALS	
	GIFTS FUND	ACTIVITY FUNDS	(Memorandum Only) 2013	2012
<u>ASSETS</u>				
Cash	\$ 17,938	486,953	504,891	754,060
Investments	235,000		235,000	-
Total assets	<u>252,938</u>	<u>486,953</u>	<u>739,891</u>	<u>754,060</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Warrants payable	2,525		2,525	-
Encumbrances			-	2,625
Funds held for school organizations		486,953	486,953	500,266
Total liabilities	<u>2,525</u>	<u>486,953</u>	<u>489,478</u>	<u>502,891</u>
Fund Equity				
Cash fund balances	<u>250,413</u>	<u>-</u>	<u>250,413</u>	<u>251,169</u>
Total Liabilities and Fund Equity	<u>\$ 252,938</u>	<u>486,953</u>	<u>739,891</u>	<u>754,060</u>

INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Activities</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Net Transfers</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
General Administrative	\$ 281,011	369,700	2,569	406,971	246,309
General Refund Account	-	4,203		4,203	-
AP Exams	10,456	23,270		22,995	10,731
Alternative High School	4,649	3,948		3,555	5,042
Art Club	400	17		-	417
Baseball Fund	145	-		-	145
Basketball Fund	7,920	-		2,215	5,705
Cheerleaders	583	2,012		2,495	100
Choral Club	1,969	2,627		2,778	1,818
Concessions	8,781	-		-	8,781
SADF	3,992	-		833	3,159
Community of Caring	480	-		220	260
Drama	12,096	5,276		1,753	15,619
VisionQuest	991	-		-	991
Exceptional Education Service	7,422	5,294	500	7,454	5,762
Business Prof of America	475	569		272	772
FCCLA	2,828	13,804		12,874	3,758
French Club	614	-		-	614
German Club	54	-		-	54
Senior Service Club	3,754	-		-	3,754
Interest on Investments	4,179	556		1,505	3,230
Lady Bruins	873	-		198	675
Football	244	-		-	244
Mid-High Orchestra	88	-		-	88
Music	8,991	-		967	8,024
Musical Production	10,906	7,041		10,468	7,479
National Honor Society	3,347	4,227	(500)	3,933	3,141
Newspaper	3,905	11,365		7,890	7,380
National Junior Honor Society	476	1,112		408	1,180
Orchestra	393	-		-	393
Pep Club	855	-		-	855
Pictures	9,065	1,149		4,100	6,114
PSG/BHS	3,664	-		-	3,664
Service Club	781	1,290		1,289	782
Bronze Bear	928	-		-	928
Spanish Club	833	457		682	608
Spanish Honor Society	90	-		-	90
Speech Program	\$ 3,696	8,955		5,250	7,401

INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Activities</u>	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Staff Development-In-Service	\$ 764	1,058		576	1,246
Student Council	21,670	23,531	(3,249)	19,628	22,324
Science Trek Club	737	-		395	342
Wrestling	3,603	-		-	3,603
Golf	1,969	-		-	1,969
Cross Country	1,600	-		-	1,600
Soccer	389	-		-	389
School Age Care	4,741	32,926	180	15,094	22,753
Before & After School Care	16,448	42,287		45,728	13,007
Counselors Special Fund	65	382	500	-	947
Yearbook	26,015	34,435		34,203	26,247
Academic Team	250	-		110	140
Archery Club	232	197		378	51
Homeless Student Assistance	427	592		488	531
Bruin Logo	15,780	7,586		-	23,366
Back to School Rally	2,784	3,850		5,121	1,513
AIMS	858	-		-	858
TOTAL ASSETS - AGENCY FUNDS	<u>500,266</u>	<u>613,716</u>	<u>-</u>	<u>627,029</u>	<u>486,953</u>
LIABILITIES AND FUND EQUITY					
Funds held for school organizations	<u>\$ 500,266</u>	<u>613,716</u>	<u>-</u>	<u>627,029</u>	<u>486,953</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2012	Revenue Collected	Total Expenditures	Ending Balance 6/30/2013
U.S. Department of Education							
Direct Programs:							
Title VII-Part A, Indian Education	84.060	S060A120814	\$ 148,769	(35,189)	123,490	148,769	(25,279)
Title VII-Part A, Indian Education 2011-12 - Note 1	84.060	S060A110814		(35,189)	35,189		
Subtotal			148,769	(35,189)	158,679	148,769	(25,279)
Passed Through State Department of Education:							
Title I-Part A, Improving Basic Programs	84.010		1,149,442	(331,483)	613,956	979,297	(365,341)
Title I-Part A, Improving Basic Programs 2011-12 - Note 1	84.010				331,483		
Title I-Part A, Neglected	84.010		10,875		5,537	9,913	(4,376)
Consolidated Admin. Funds Title I	84.010		53,900		53,900	53,900	
Consolidated Admin. Funds Title I 2011-12 - Note 1	84.010			(1,715)	1,715		
Title I-Part B, Even Start 2011-12 - Note 1	84.009			(30,315)	30,315		
* Special Education, Discretionary	84.027		5,000		5,000	5,000	
Special Education, Discretionary 2011-12 - Note 1	84.027			(5,000)	5,000		
* Special Education, Flowthrough, P.L. 105-17	84.027		1,119,986	(351,121)	739,336	1,117,894	(378,558)
Special Education, Flowthrough 2011-12 - Note 1	84.027				351,121		
* Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173		22,015		22,015	22,015	
Title II-Part A, Teacher & Principal Training	84.367		302,114		176,979	207,181	(30,202)
Title II-Part A 2011-12 - Note 1	84.367			(81,146)	81,146		
Title II-Part A, Technical Assistance	84.367		29,500		22,944	29,500	(6,556)
Title II-Part A, Technical Assistance 2011-12 - Note 1	84.367			(6,394)	6,394		
Consolidated Admin. Funds Title II pt. A	84.367		7,098		6,802	7,098	(296)
Title II-Part D, 25% Professional Dev. 2011-12 - Note 1	84.318			(5,046)	5,046		
Title III-Part A Immigrant Education	84.365		35,578		2,422	21,835	(19,413)
Title III-Part A Immigrant Education 2011-12 - Note 1	84.365			(2,920)	2,920		
Title III-Part A English Language Acquisition	84.365		\$ 53,274		17,442	25,083	(7,641)
Title III-Part A English Language Acquisition 2011-12 - Note 1	84.365			(3,051)	3,051		
Title IV-Part A 2011-12 - Note 1	84.186			(22,901)	22,901		

**INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2012	Revenue Collected	Total Expenditures	Ending Balance 6/30/2013
Adult Education and Literacy	84.002		\$ 105,292		67,868	90,498	(22,630)
Adult Education and Literacy 2011-12 - Note 1	84.002			(24,314)	24,314		
Adult Education-Corrections and Institutions	84.002		6,600		6,600	6,600	
Adult Education-LEA	84.002		2,566		1,540	2,427	(887)
Adult Education-LEA 2011-12 - Note 1	84.002			(1,187)	1,187		
Title X Part C Homeless	84.196		67,643		36,563	62,740	(26,177)
Title X Part C Homeless 2011-12-Note 1	84.196			(22,570)	22,570		
REACH	84.410		133,852		133,852	133,852	
Subtotal			3,104,735	(889,163)	2,801,919	2,774,833	(862,077)
Passed Through State Department of Career and Technology Education:							
Carl Perkins Grant	84.048		36,819		19,691	36,533	(16,842)
Carl Perkins Summer Bridge Program 2011-12 - Note 1	84.048			(17,489)	17,489		
Subtotal			\$ 36,819	(17,489)	37,180	36,533	(16,842)
U.S. Department of Agriculture:							
Passed Through State Department of Education:							
* Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				42,893	42,893	
Non-Cash Assistance Subtotal					42,893	42,893	
Cash Assistance:							
National School Lunch Program	10.555				1,153,723	1,153,723	
School Breakfast Program	10.553				368,573	368,573	
Summer Food Service Programs	10.559				15,681	58,834	(43,153)
Summer Food Service Programs 2011-12 - Note 1	10.559			(38,183)	38,183		
Cash Assistance Subtotal				(38,183)	1,576,160	1,581,130	(43,153)
Total For Program (Cluster)				(38,183)	1,619,053	1,624,023	(43,153)

**INDEPENDENT SCHOOL DISTRICT NO. 1-30, WASHINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grantor's/ Pass-through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/01/2012</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2013</u>
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		\$ 15,850		5,895	15,789	(9,894)
Johnson O'Malley 2011-12 - Note 1	15.130			(9,586)	9,586		
Flood Control	93.778		464		464	464	
Subtotal			<u>16,314</u>	<u>(9,586)</u>	<u>15,945</u>	<u>16,253</u>	<u>(9,894)</u>
Total Federal Assistance			<u>\$ 3,306,637</u>	<u>(989,610)</u>	<u>4,632,776</u>	<u>4,600,411</u>	<u>(957,245)</u>
* Major federal programs							

Note 1 - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - Commodities received by the District in the amount of \$42,893 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Old Republic Surety Co.	Superintendent	LPO2114248	\$ 100,000	8/1/12-8/1/13
	Treasurer	LPO2114248	\$ 100,000	8/1/12-8/1/13
	Encumbrance Clerk	LPO2114248	\$ 100,000	8/1/12-8/1/13
	Payroll Clerk	LPO2114248	\$ 100,000	8/1/12-8/1/13
	Accounts Payable Coordinator	LPO2114248	\$ 100,000	8/1/12-8/1/13
	Activity Fund Custodian	LPO2114248	\$ 100,000	8/1/12-8/1/13
	Executive Director Services	LPO2114248	\$ 100,000	8/1/12-8/1/13
	Accounts Payable /Data Entry	LPO2114248	\$ 100,000	8/1/12-8/1/13
	School Age Coordinator	LPO2114248	\$ 100,000	8/1/12-8/1/13
	School Age Care Site Director	LPO2114248	\$ 25,000	8/1/12-8/1/13
	Minutes Clerk	LPO2114248	\$ 1,000	8/1/12-8/1/13
	Deputy Minutes Clerk	LPO2114248	\$ 1,000	8/1/12-8/1/13



Jack H. Jenkins, CPA *A Professional Corporation*

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS – REGULATORY BASIS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Bartlesville School District No. I-030
Bartlesville, Oklahoma 74005

I have audited the regulatory basis financial statements of Bartlesville School District No. I-030, Bartlesville, Oklahoma, as of and for the year ended June 30, 2013, and have issued my report thereon, dated December 10, 2013. The audit opinion was adverse to generally accepted accounting principles because the District prepares its financial statements on a basis of accounting prescribed by the Oklahoma State Department of Education that complies with the cash and budget laws of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles and qualified as to the preparation of financial statements prepared on that basis. I conducted my audit in accordance with generally accepted auditing standards accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the combined financial statements - regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. There can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted a certain matter that I have reported to the District's management in a separate letter dated December 10, 2013.

This report is intended solely for the information of the school board, management, Oklahoma State Auditor and Inspector's Office and the Oklahoma State Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.



Jack H. Jenkins
Certified Public Accountant, P.C.

December 10, 2013



Jack H. Jenkins, CPA *A Professional Corporation*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

The Honorable Board of Education
Bartlesville School District No. I-030
Bartlesville, Oklahoma 74005

Compliance

I have audited the compliance of Bartlesville School District No. I-030, Bartlesville, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the District's compliance with those requirements.

In my opinion, Bartlesville School District No. I-030, Bartlesville, Oklahoma complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2013. The results of my auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of Bartlesville School District No. I-030, Bartlesville, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with requirements of laws,

regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information of the board of education and management, all applicable federal and state agencies, and those other Governments from which federal financial assistance was received and is not intended to be, and should not be, used by anyone other than these specified parties.



Jack H. Jenkins
Certified Public Accountant, P.C.

December 10, 2013

INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2012 TO JUNE 30, 2013

Summary of Auditor's Results

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the District were reported during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133"
5. An unqualified opinion report was issued on the compliance of major federal award programs.
6. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Circular A-133 § 510(a).
7. The programs tested as major federal programs were: Special Education and Child Nutrition programs, which were each clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The District did not qualify to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2012 TO JUNE 30, 2013**

There were no prior year findings.

**INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2012 TO JUNE 30, 2013**

State of Oklahoma)
County of Tulsa)

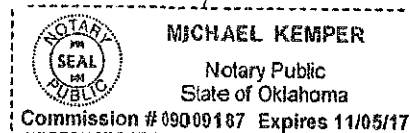
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Bartlesville School District for the audit year 2012-13.

Jack H. Jenkins, CPA, P.C.
AUDITING FIRM

BY *Jack H. Jenkins*
AUTHORIZED AGENT

Subscribed and sworn to before me on this
10th day of, December, 2013

Michael Kemper
NOTARY PUBLIC



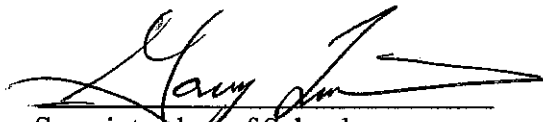
INDEPENDENT SCHOOL DISTRICT NO. I-30, WASHINGTON COUNTY
AUDIT ACKNOWLEDGEMENT
JULY 1, 2012 TO JUNE 30, 2013

The annual independent audit for Bartlesville School District was presented to the Board of Education in an Open Board Meeting as indicated below, by Jack H. Jenkins, CPA, P.C.

The School Board acknowledges that as the governing body of the district, responsible for the districts financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma State Department of Education within 30 days from it's presentation, as stated in 70 O.S. § 22-108:

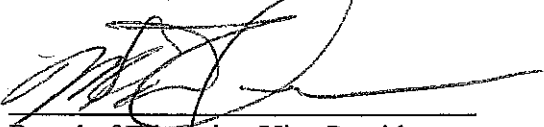
"The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit."

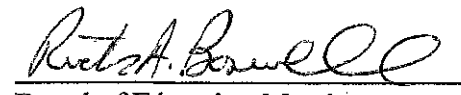

Superintendent of Schools


12/16/13
Date of Board Meeting

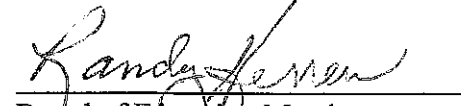

Board of Education President


Board of Education Clerk


Board of Education Vice President

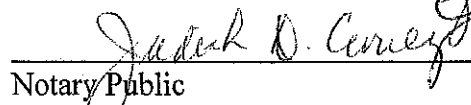

Board of Education Member


Board of Education Member

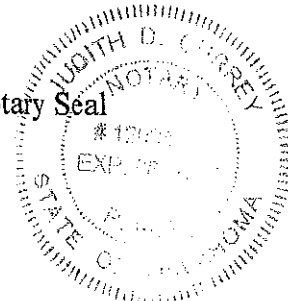

Board of Education Member

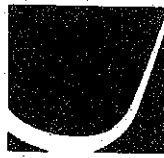
Board of Education Member

Subscribed and sworn to before me on this 16th day of December, 2013
My commission expires on 28th day of August, 2016.


Notary Public

Affix Notary Seal





Jack H. Jenkins, CPA *A Professional Corporation*

December 10, 2013

Bartlesville Public Schools
Attn: Mr. Preston Birk
PO Box 1357
Bartlesville, OK 74005

Dear Mr. Birk:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. Please review them carefully along with the copy of your audit report. We will mail out a copy of the audit report to the State Department of Education and Oklahoma State Auditor and Inspector's Office within 30 days after the presentation of your audit. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains an audit exception and recommendation relayed to management that is a certain matter which was not included, but was referred to, in the audit report. This comment requires a written response from your office to be included in the copy of the audit report that we send to the State Department of Education.

Federal Program Expenditures

I observed that the District failed to properly code expenditures to several Federal programs. These programs and the expenditure amounts are as follows:

	<u>OCAS</u>	<u>SEFA</u>	<u>Ind. Cost</u>	<u>Diff.</u>	
JOM	15,814.00	15,789.00	-	25.00	*1
Summer Food GF	1,213.00	-	-	1,213.00	*1
Summer Food CNF	66,221.00	58,834.00	-	7,387.00	*1
Flood Control	-	464.00	-	(464.00)	*2

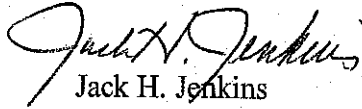
*1-Excess coded, not reimbursed by program.

*2-Expended, but not coded to proper project code.

I recommend, prior to submittal of year-end reports, that District's management perform a reconciliation between federal revenue received and expenditures paid, to ensure that all expenditures have been properly coded.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jack H. Jenkins".

Jack H. Jenkins

Certified Public Accountant, P.C.

**ISD #30, Bartlesville Public Schools
2013 OCAS SEFA Reconciliation
2013 Audit Exception**

	<u>OCAS</u>	<u>SEFA</u>	<u>Ind. Cost</u>	<u>Difference</u>	
JOM	15,814.00	15,789.00	-	25.00	*1
Summer Food GF	1,213.00	-	-	1,213.00	*1
Summer Food CNF	66,221.00	58,834.00	-	7,387.00	*1
Flood Control	-	464.00	-	(464.00)	*2

*1-Excess coded, not reimbursed by program

*2-During OCAS submission, district was forced to change 4162 revenue to 3190 revenue for OCAS report to be accepted by State Department once changed to state dedicated revenue, expenditures should not need to be reported as federal.

For the 2013-14 fiscal year, district will perform a reconciliation of the federal revenue paid and federal revenue received to ensure the district has properly spent all federal revenue for the fiscal year.